GOVERNMENT OF INDIA
COMMUNICATIONS AND INFORMATION TECHNOLOGY
LOK SABHA

STARRED QUESTION NO:177
ANSWERED ON:09.03.2016
Debt Burden on Telecom PSUs
Sawant Shri Arvind Ganpat;Shirole Shri Anil

Will the Minister of COMMUNICATIONS AND INFORMATION TECHNOLOGY be pleased to state:

(a) whether the Mahanagar Telephone Nigam Limited (MTNL) and the Bharat Sanchar Nigam Limited (BSNL) are heavily burdened by debt;

(b) if so, the details thereof during the last three years and the current year along with the reasons therefor, PSU-wise;

(c) whether both PSUs have asked financial assistance from the Government for their revival; and

(d) if so, the details thereof and the action taken by the Government thereon?

Answer

THE MINISTER OF COMMUNICATIONS AND INFORMATION TECHNOLOGY
(SHRI RAVI SHANKAR PRASAD)

(a) to (d) A Statement is laid on the Table of the House.

Contdâ€¦2/-

STATEMENT TO BE LAID ON THE TABLE OF THE LOK SABHA IN RESPECT OF PARTS (a) TO (d) OF LOK SABHA STARRED QUESTION NO. 177 FOR 9TH March, 2016 REGARDING "DEBT BURDEN ON TELECOM PSUs".

(a) & (b) Details of outstanding debts of Bharat Sanchar Nigam Limited (BSNL) during the last three years and current year are as follows:

(In Rs. Crore)
<pre>
As on 31.3. 13 As on 31.3.14 As on 31.3. 15 As on 31.01.16)
2561.14 3738.53 6330.42 7666.94
</pre>
Details of outstanding debts of Mahanagar Telephone Nigam Limited (MTNL) during the last three years and current year are as follows:
(In Rs. Crore)
<pre>
Particular As on
31.3. 13 As on
31.3.14 As on
31.3. 15 As on
29.02.16
Total Debt 11542.30 14120.44 16604.40 18062.59
Liability of the Government* 0 765.00 4533.97 4533.97
Net Debt on MTNL 11542.30 13355.44 12070.43 13529.62
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* This amount is refunded to MTNL in lieu of surrender of BWA (Broadband Wireless Access) spectrum and Government has to re-pay the interest and the principal.

BSNL's debt is mainly due to its requirement of funds for CAPEX. This requirement started in June, 2010 after the payment of BWA and 3G spectrum charges to the tune of Rs. 18500 crore to the Government.

The reasons for the debt of MTNL are as follows:

â€¢ MTNL paid Rs. 11097.97 crore for BWA and 3G spectrum charges to the Government in June, 2010 after taking loan of Rs. 7533.97 crore.
â€¢ MTNL incurred a loss of Rs. 5322.03 crore in the year 2012-13. Major factors responsible for this position of MTNL are: High staff cost of Rs 4904.47 crore (140% of revenue). This includes Actuarial valuation of retirement benefits to the tune of Rs. 1496 crore.
â€¢ Payment of pension of about Rs 500 crore in 2012-13.
â€¢ Low revenue from 3G services vis-Ã -vis a huge cost for spectrum (Rs.6564 crore).
â€¢ High interest burden of Rs.1180 crore in 2012-13, Rs.1390 crore in 2013-14 & Rs.1440 crore in 2014-15.

(c) & (d) Government received proposals from BSNL and MTNL for financial assistance for their revival. These proposals are as follows:

â€¢ Surrender with refund of Broadband Wireless Access (BWA) spectrum held by BSNL and MTNL.
â€¢ Settlement of pension liabilities of MTNL.
â€¢ Waiver of notional loan with BSNL.

â€¢ Annual financial support to BSNL and MTNL to reduce the staff costs.
â€¢ Financial support to MTNL for liability arising from levy of Minimum Alternate Tax (MAT).
â€¢ Proposal for hiving-off mobile tower assets of BSNL into a separate company.

Out of the above mentioned measures, following issues have already been settled by the Government:

â€¢ Surrender with refund of BWA spectrum in both service areas held by MTNL and in 6 service areas held by BSNL. Under this head, Rs. 4533.97 crore has been refunded to MTNL through bonds and Rs. 6724.51 crore is being refunded to BSNL through budgetary resources.
â€¢ The pension liability of MTNL for its staff who got absorbed from DoT, shall get pension from the Government at par with BSNL absorbed staff.
â€¢ Notional loan to the BSNL due to the Government has been waived-off for Rs. 1411 crore.
â€¢ Financial support of Rs. 492.26 crore has been given to MTNL on account of liability arising from levy of Minimum Alternate Tax (MAT).
â€¢ Rs. 458.04 crore to MTNL and Rs. 169.16 crore to BSNL are being refunded on account of surrender of CDMA (Code Division Multiple Access) spectrum.

In addition, BSNL and MTNL are taking several steps to enhance revenues through investments to strengthen their network and focus on customer care and service delivery to improve revenue generation. Some of these are as follows:

BSNL

â€¢ BSNL has planned to install 10510 of 3G Base Transceiver Stations (BTSs) & 14232 of 2G BTSs under Phase-VII GSM (Global System for Mobile communication) expansion for 15 Million lines. It has also planned to install additional 9600 of 3G BTSs and replacing of 5300 old BTSs of GSM Phase I, II & III in North & South Zone. An approximate capacity of 5 million shall be added in the GSM network of North Zone & South Zone. BSNL has already commissioned over 16.42 million lines. Out of the planned BTSs, 9829 (3G) BTSs & 12,491 (2G) BTSs are radiating (Total 22,320). This will improve 2G & 3G network coverage & data capability of 3G network.
â€¢ BSNL has planned to implement ERP (Enterprise Resource Planning) as one of the important IT initiative in two phases i.e. Phase-I Proof of Concept (POC) and Phase-2 Rollout. The ERP has been implemented in all the 49 units including eight Proof of Concept (POC) Circles.
â€¢ During this Five Year Plan (2012-17), BSNL has planned to make the entire wire line customer base network IP enabled. Next Generation Network (NGN) equipment based on the latest architecture are planned to be deployed gradually to replace the entire Circuit Switched equipments/ Digital Telephone Exchanges.

â€¢ BSNL has set wireline call centres for the customers of landline and broadband at Dehradun, Ajmer and Bangalore and traffic from all circles has been migrated to these call centres. These call centres are accessible through toll free number 1500 (from BSNL number) and 18003451500 (from other operator numbers).
â€¢ BSNL has launched various customer centric initiatives like Night free calling, Free Roaming, increased minimum speed of broadband to 2 Mbps etc.

MTNL

â€¢ MTNL has planned to upgrade the existing High Speed Downlink Packet Access (HSDPA) 3G network supporting Downlink

speed of 3.6 Mbps & Uplink speed of 384 Kbps to HSPA+ (High Speed Packet Access +) with Downlink speed of 21.1 Mbps & Uplink speed of 5.76 Mbps per sector.
â€¢ MTNL is taking steps for up-gradation / augmentation / expansion of existing 2G/3G network.
â€¢ MTNL is planning to provide the backhaul media connectivity of existing mobile tower sites in Delhi & Mumbai on OFC network in place of Microwave network.
â€¢ MTNL is also exploring synergy with BSNL for its mobile services amongst other initiatives.
â€¢ MTNL has set up wireline call centers for the customers of landline, mobile & broadband at Delhi and Mumbai. These call centers are accessible through Toll Free numbers 1500/1503/1504 (from MTNL numbers). These call centres handle all types of inbound queries, directory enquiries, complaints, requests, outbound calling and response through SMS (Short Message service)/e-mail/fax/web portal.

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